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Chief, Economic Research, ORR

29 May 1958

Chief, Materials Division, ORR

ORR Participation in the next CSR Course

REF : In your memorandum, dated 22 May 1958, on the above subject

In response to the request in the referenced memorandum, we submit the following comments.

1. Value [REDACTED] Reports -- General

With respect to the research activities of D/M [REDACTED] reports are currently of more importance for East Germany than any of the other Bloc countries, although there are specific instances in which this form of reporting has been of exceptional value with regard to Poland, the USSR, Czechoslovakia, Rumania, and Communist China. In general, the value [REDACTED] reports has been directly proportional to the scope and coverage in each of the Bloc countries.

2. [REDACTED] Reports on East Germany

A. In the field of food and agriculture [REDACTED] reports have been of particular importance in checking the validity of published official data. By far the best single report was [REDACTED] "Status of Agriculture and Proposed Measures for the Increase of Agricultural Production." This report consisted of a current appraisal of agriculture in East Germany and was prepared for use by the Soviet Advisor to the East German Ministry of Agriculture. The report clearly, concisely, and accurately analyzes the problems in the agriculture economy and points out the fiction upon which Socialist planning is based. Other ORR divisions and ONE have highly praised this report.

B. For the chemical industry there is good overt coverage for over-all statistics, but it is necessary to depend on [REDACTED] for breakdowns of production by plants, trade information by commodity and country, and for data on distribution and inputs. Particularly useful [REDACTED] documents received during the last year include:

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(1) [REDACTED] These contain monthly reports prepared on official East German government forms and list planned and actual supply and distribution for a number of chemical commodities. They contain data on production, imports and exports.

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(2) [REDACTED] These reports contain proposed plans for production at most of the larger East German chemical plants, and show entire production schedules for the plants. They include supplemental information on actual production for the preceding year, prices of commodities, and amount of output consumed by the plants themselves.

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(3) [REDACTED] This document contained reports prepared on official East German forms by over 20 chemical plants and gave for each plant: output, by product, in quantity and value terms; financial data; manpower and wage statistics; and electric power consumption.

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(4) [REDACTED] These two documents contained bi-weekly reports, on East German forms, showing planned and actual production of many major chemicals by individual producing plants.

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(5) [REDACTED] This report was a comprehensive study on the East German sulfuric acid industry, present and future, and was prepared by an East German government commission.

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(6) [REDACTED] This report is a collection of documents which contain itemized production plans for a number of plants for the Second Five Year Plan (1956-60), together with estimated input requirements.

C. Covert reporting for the ferrous metals industry is generally more current than the open press. Examples of reports that have been particularly valuable are: [REDACTED] Metallurgical Production and Import Plan Fulfillment, Planned and Achieved Steel Production, Import and Allocations, and series reports of the type of [REDACTED] et. seq. giving the output by products of the Brandenburg Steel Plant.

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D. Approximately 90% of the detailed information on the petroleum industries of East Germany is derived from clandestine sources. Data of specific interest on petroleum obtained from examples of such reports are as follows:

- (1) Quarterly, semi annual, and annual plans and actual output of products from synthetic oil plants and petroleum refineries:

Examples: [REDACTED] 8 Jan 58, Hydrocarbon Industry: Plan Fulfillment for First Three Quarters of 1957, [REDACTED] 25X1A2g
 (b) [REDACTED] 8 Jan 58, Production Report of Hydrocarbon Industry, 3 25X1A2g
 (c) [REDACTED] 19 Nov 57, Production and Planned 1957 Production of VEB Hydrierwerk Zeitz, S/NOFORN/CONT. CONTROL. 25X1A2g

- (2) Trade in petroleum products

Examples: (a) Series of monthly reports on crude oil imports from Austria, i.e., [REDACTED] 58, Crude Oil Imports from Austria by East Germany, S/NOFORN/CONT. CONTROL. 25X1A2g
 (b) Series of monthly reports on imports from USSR, i.e., [REDACTED] Imports from the USSR via Frankfurt/Oder, S/NOFORN/CONT. CONTROL. 25X1A2g

- (3) Distribution and allocation of petroleum products.

Examples: [REDACTED] 1957 Chemical Production Plan Fulfillment, S/NOFORN/CONT. CONTROL. 25X1A2g

- (4) Capital investment and production costs.

Examples: (a) [REDACTED] 1957 Capital Investment Plan for Plants of the Main Administration of Hydrocarbons, S/NOFORN/CONT. CONTROL. 25X1A2g
 (b) [REDACTED] Production Costs of East German Hydrocarbon Plants, S/NOFORN/CONT. CONTROL. 25X1A2g

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3. Reports on Poland

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A. In the field of food and agriculture, [redacted] reports which have been received for Poland have tended to fall in two basic categories. [redacted] give local agriculture

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information; [redacted] dealing with changes in policies affecting agriculture. The

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[redacted] has been useful in providing information on many facets of agriculture, e.g., machine tractor station operations, compulsory delivery quotas, and state farms.

Example: [redacted] Facilities for Training Personnel in the Management of Producers' Cooperatives and Government Agricultural Machine Stations. [redacted] has been very

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important for providing behind the scenes discussion and giving the reasons for agricultural policy changes during the past 1 1/2 years. Examples are: [redacted] Report by Jedrychowski

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on the Polish Internal Economic Situation as of November 1956; and [redacted], Speech of Wladyslaw Gmulkowski to the Meeting of the Voivodship Committee First Secretaries on 23 November 1956.

B. Outstanding reports on the chemical industry include the following:

(1) Poland Chemical Industry

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[redacted] reports provide the most complete information on the organization of the chemical industry and personnel in the central government than is given by other sources.

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[redacted] -- This report was very helpful for its analysis of the supply situation on pharmaceuticals, especially antibiotics, in Poland.

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[redacted] -- These reports contain valuable information on specific chemical plants which usually is not available from other sources

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C. Of particular interest to research analysts following the nonferrous metals and minerals activities on Poland was report [redacted] "The Legnica Metallurgical Works, Poland," that provides specific plant information which was utilized in a recent M/IF estimate, prepared for the Air Force.

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25X1A2g 4. Reports on the USSR

A. Upwing analyses of the Soviet agriculture situation is always of great interest to M/AG analysts. A specific example of this type of reporting is "The 1956 grain harvest in the Eastern Bloc" -- Part I, the Soviet Union, April 1957.

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25X1A2g B. M/NF was particularly interested in clandestine reports
25X1A2g Soviet

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"Nickel-Copper Plant at Monchegorsk" which provided, among other items, detailed technical information on a Soviet copper plant, speculation about the Soviet titanium industry, and data on the Soviet aluminum fabricating industry. The data on the copper plant, for the most part, were new to M/NF; and the data on titanium and aluminum, although available in part from other sources, were of considerable value. During the past two years, M/NF has found that a series of reports on trade between the USSR and Austria has provided useful data for the annual report on the Sino-Soviet Bloc copper trade.

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25X1A2g A. Agriculture analysts have received good information, although dated, from reportings on the food industry of Czechoslovakia.

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B. furnished the only available information on the detailed breakdown on the chemical industry and reorganization currently underway. These reports show to some extent the pattern of development of the industry in recent years. (Spolana plant in Neratovice) is a good example of the reporting of activities of a specific chemical plant. Very little information was available from other sources regarding this plant.

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25X1A2g 6. Reports on Rumania

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25X1A2g A. "Rumanian Institute of Mines," and "Enterprise of Gheorghe Doja at Zlatna, Rumania" provided data on both over-all nonferrous operations in Rumania and also gave useful information about a particular plant in which M/NF is interested.

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B. (Tarda chemical plant) are two reports which supply a wealth of detailed information on current operations and plans for one of the most important chemical plants in the country.

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Except in rare instances reports on Albania, Bulgaria and Hungary are of marginal value to D/M analysts.

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8. [REDACTED] on Communist China

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[REDACTED] are potentially important sources of economic data on the chemical industry of the Far East bloc countries. The interchanges of trade [REDACTED] between Communist China and the Free World (especially Japan) are beginning to provide valuable information which can be exploited through [REDACTED] 25X1A2g

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[REDACTED] In light of several recent reports the intelligence potential [REDACTED] particularly for the Chinese chemical fertilizer industry, appears especially promising and is looked on with interest by this Branch.

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[REDACTED] containing data on individual chemical plants tend in general to be largely supplementary to data from other sources. Reports such as [REDACTED] (Chemical Plants in Communist China) are helpful in identifying and locating specific plants and often in pinpointing both the quantity and nature of production. While these data are not always corroborated by other sources, cross-checking [REDACTED] reports against each other provides useful data. For example, [REDACTED] (Status of Chinese Communist Fertilizer Plants Under Construction in 1958) provides such data and is of value. 25X1A2g

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The enclosure [REDACTED] which is based on a "Report of a [REDACTED] Communist China" in the summer of 1957, is currently being translated from the original [REDACTED] Parts of this comprehensive document appear to contain pertinent data of considerable interest to this office (e.g., a chapter on "Soil Fertilizers" and another chapter on specific factories). Such current data on the Chinese fertilizer industry is of special interest at present because of the rapid developments in this area and the significance of fertilizer in the Chinese agricultural economy.

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[REDACTED] are probably among the better sources for obtaining trade data. Usually the many gaps and omissions of vital details found in such data make it difficult to get a comprehensive picture of the trade area but [REDACTED] reports do supplement information from overt sources and are a significant factor in conceptualizing the trade picture.

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[REDACTED] reports provide perhaps the best data on the progress of production and over-all developments in new fields such as synthetic rubber and fibers. [REDACTED] tend to report only the successes of the Chinese Communists in production and technology. [REDACTED] (Chinese Communist Need for Development of Synthetic Fibers) indicates the degree of development in technology and is helpful in confirming or refuting information from other sources.

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6